

Remarks by Chargé d’Affaires Stephanie Williams

BIBF Distinguished Lecture Series

***Featuring Professor Frank Vogel, Founding Director, Islamic Legal Studies Program,
Harvard Law School***

June 21, 2011 at 3:00 p.m.

(As delivered)

Good Afternoon,

Your Excellency Rasheed Mohammed Al Maraj (Governor of the Central Bank of Bahrain), Mr. Khalid Hamad (Executive Director, Banking Supervision, Central Bank of Bahrain), Mr. Gary Muriwai (Director, Bahrain Institute of Banking and Finance), and honored guests, it is a pleasure to be here with you this afternoon. I am delighted to have the opportunity to welcome Professor Frank Vogel to Bahrain to speak as a part of BIBF’s Distinguished Lecture Series, and am pleased that the U.S. Embassy could help sponsor his seminar focusing on Islamic finance.

The U.S. Embassy, in cooperation with local partners such as BIBF, has continually supported training programs, educational and professional development opportunities, and efforts to expand the country’s knowledge base in the business and financial sectors. In the past year, the Embassy has sponsored visits to Bahrain by experts focusing on issues such as entrepreneurship, small business development, corporate governance, and women’s economic empowerment. Last year we also partnered with BIBF to affiliate an American Fulbright student at BIBF so she could study and conduct research in Islamic finance. These types of exchanges are important because they facilitate people-to-people interaction and a transfer of knowledge and skills, both of which play a critical role in Bahrain’s long-term success as a leader in the region.

Today’s seminar on Islamic finance is one more example of how the U.S. Embassy, in cooperation with Bahraini partners like the BIBF, has sought to engage the private sector, bringing experts on various issues to Bahrain to learn about the needs in the country, answer questions, and strengthen Bahrain’s human capital and increase growth of the country’s financial services sector.

As you know, since the 1970’s, Bahrain has established itself as a regional leader in the field of Islamic finance. With more than two dozen Islamic banks and almost 20 Islamic insurance companies, the growth of Islamic banking has been impressive, with assets growing to more than USD 32.4 billion in 2010. Islamic financial services are present in every sector in the country – in real estate, telecommunications, industry, and aviation. Islamic finance is rapidly becoming a prominent, alternative financial mechanism in the global banking system, and an ever increasing number of international financial institutions have begun adopting “Sharia-compliant” banking principles in marketing their financial products to their customers in the Middle East.

It is a positive development that Bahrain is a pioneer and leader in establishing an Islamic financial framework and drafting regulations for Islamic finance that addresses issues such as licensing, capital adequacy, and risk management. Much of this progress is a result of the support and dedication of the Central Bank of Bahrain. The Central Bank's efforts to develop rules and standards for Shari'a-compliant financial transactions has garnered support for Bahrain's Islamic banking industry from international entities such as the Accounting and Auditing Organization for Islamic Financial Institutions, the Liquidity Management Center, the International Islamic Financial Market, and the International Islamic Rating Agency.

Leaders like BIBF and others are seeking to increase the number of experts in Islamic finance and improve understanding throughout the Gulf of important trends and practices in the Islamic financial industry. This is why the U.S. Embassy is so pleased to partner with the BIBF to sponsor Professor Frank Vogel's visit to Bahrain to share his expertise and his assessment of Shari'a-compliant practices and future opportunities in Islamic finance. The U.S. Embassy supports efforts by the Bahraini leadership and the public and private sectors to strengthen the banking and financial sectors in the country. We will continue to explore additional programmatic efforts to partner with BIBF and other leaders in Islamic banking and finance to create opportunities for knowledge transfer and effective partnerships between Americans and Bahrainis. Together we can help further strengthen Bahrain's financial industry and help the country achieve robust economic and financial growth that benefits the Bahraini people.

Thank you very much.